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*Vietnam: (Information as of 4:30 AM EDT)

Military Developments in South Vietnam: The Communists are apparently intensifying their resistance to allied sweep operations in the northern and central provinces.

Elements of the US 1st Air Cavalry Division reported heavy contact with probable elements of the 3rd North Vietnamese Army (NVA) Division in Binh Dinh and Quang Ngai provinces. US casualties totaled six killed and 41 wounded while the Communists lost 133 killed. In Quang Nam Province an ARVN battalion engaging a Communist force of comparable size killed 34 enemy soldiers while sustaining 14 killed and 16 wounded.

The North Vietnamese are also stepping up harassment against US forces in northernmost Quang Tri Province. They placed heavy artillery, rocket and mortar fire on several US Marine defensive positions just south of the Demilitarized Zone on 19-20 June, killing four Marines and wounding 44. This action, as well as a higher incidence of Communist artillery harassment in the DMZ area over the past two weeks, provides additional evidence that the North Vietnamese have rebuilt and reoccupied positions within and south of the DMZ destroyed by allied ground operations in May.

Heavy Communist mortar fire on 21 June against the ARVN regimental headquarters at Dak To in Kontum Province caused friendly losses of five killed and 30 wounded. The attacking force may have been subordinate to the 24th NVA Regiment, elements of which have displayed increased aggressiveness in the Dak To area in recent weeks. [REDACTED] (Map)

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USSR: The central committee plenary session ended yesterday with an indictment of Israel and pledges of unspecified support for the Arab nations.

The plenum went through the formality of endorsing the politburo's handling of the Middle East crisis. As might be expected, the resolution adopted used harsher, more ideological language than did Premier Kosygin at the UN. The party document lacked the more positive aspects of Kosygin's presentation, which was designed for the UN forum.

Notable among the omissions were his statement on the right of every people "to establish an independent national state of its own," and his reference to the responsibility of the "big powers" to work together for peace in the Middle East. Also missing from the party resolution, on the other hand, was one of Kosygin's demands--that Israel be censured.

The resolution took special note of the Communist summit conference in Moscow on 9 June, which called the "joint action" of the socialist countries "a powerful factor in the struggle against aggressive intrigues." The resolution did not specify what "joint action" was planned beyond a demand for unconditional withdrawal of Israeli forces and Israeli compensation to the Arab states.

With President Podgorny in Cairo and Premier Kosygin in New York, General Secretary Brezhnev clearly dominated proceedings. He opened the plenum with a report on the Middle East situation and offered some concluding remarks at its end. Moscow has not yet publicized Brezhnev's statements, but they probably are closely echoed in the plenum resolution.

Among its other business, the plenum formally elevated Yury Andropov, the recently chosen head of the security service (KGB), to candidate membership

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in the politburo. This will permit Andropov, who was "released" from his place on the party secretariat, to be a regular participant in high-level policy deliberations, although he will not have a formal vote as do full members. The party probably expects that the addition of Andropov to the politburo will enable it to exercise closer control over KGB activities. [REDACTED]

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Greece: New strains are developing in the already cool relationship between King Constantine and the junta.

In recent weeks the regime has acted quietly to consolidate its control. Key local, regional, and ministerial officials have been appointed, many from the military. In addition, study groups have been created to plan economic and fiscal reforms.

Political activity is at a standstill, and there is strict control of news media. A number of non-Communist politicians have been arrested. Many were closely aligned to Andreas Papandreou, whose trial has yet to begin. The junta may deport Andreas, regardless of the outcome of his trial.

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The new regime has viewed the US response to the government as cool and has hinted that the lack of a more forthcoming attitude could result in relations taking a more hostile turn.

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Aden: Serious disturbances in Aden continue.

The Crater district, which has always been a hot-bed of Arab nationalism in Aden, was still in the hands of Arab terrorists on 21 June. Taiz radio was exhorting them to deal "British imperialism the death blow."

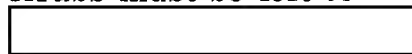
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If the British become convinced that they have lost control of the security situation, there will be strong pressure within the government to pull out even before the scheduled independence date. Some British officials already have argued that the UK's presence only delays the inevitable day when the Arabs must be left to sort out their own differences.

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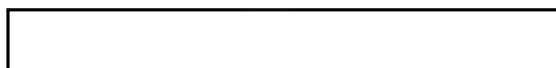


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Nigeria: Governor Ojukwu of the breakaway "Republic of Biafra" has taken the first step to gain control of revenue from oil operations in the former Eastern Region.

With the next payment of oil revenues to Nigeria due in July, Ojukwu yesterday issued a decree formally calling for payment to Biafra of oil royalties and company profits taxes, which were not covered in his earlier revenue collection edict. Ojukwu is empowered by the decree to take such action as he deems necessary to enforce compliance, but is left some room for negotiation on the timing of payments.

The international oil companies, among which Shell-BP is by far the largest producer, will now have to decide between abiding by their existing contractual obligations to the federal government or dealing with Biafra.

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Congo (Kinshasa): President Mobutu plans to announce sweeping monetary and fiscal reforms on 24 June.

These reforms, recommended by the International Monetary Fund, are designed to stimulate the Congo's export trade and put its badly inflated currency in line with hard currencies. The official value of the Congolese currency will be slashed by more than two thirds and a new monetary unit introduced. The new unit, called the zaire, will have a value of \$2 US. Other reforms include a liberalized policy on imports and a pledge that profits on foreign investments in the Congo may be repatriated beginning in 1969.

The Congo is to receive a credit from the IMF to support the reform, and loans to purchase imports will be available from the US, Italy, and France. Belgium earlier declined to give bilateral support to the monetary reform, but apparently is now thinking of granting a six-month loan of \$8-\$10 million.

The full benefits of the reform will not be felt until 1968 and will be jeopardized by any deterioration in the Congo's always shaky political and economic climate. Initially, the devaluation will make imports dearer, and the prices of consumer goods may double. To help offset these higher prices, wages will be allowed to increase up to 40 percent over the next 18 months. While this will still mean substantially lower purchasing power for most workers, Mobutu apparently believes he can contain discontent by putting his full weight behind the reform.

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NOTE

Peru-France: Some Peruvian military leaders expect French military influence in Peru to replace that of the United States in the course of the next three years,

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[redacted] The Peruvians are unhappy with US policies and military aid programs and plan to purchase Mirage-5 aircraft, tanks, and personnel carriers from France. [redacted]

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